

110TH CONGRESS  
1ST SESSION

# S. 29

To clarify the tax treatment of certain payments made to homeowners by the Louisiana Recovery Authority and the Mississippi Development Authority.

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IN THE SENATE OF THE UNITED STATES

JANUARY 4, 2007

Ms. LANDRIEU introduced the following bill; which was read twice and referred to the Committee on Finance

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## A BILL

To clarify the tax treatment of certain payments made to homeowners by the Louisiana Recovery Authority and the Mississippi Development Authority.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. CLARIFICATION OF TAX TREATMENT OF CER-**  
4                               **TAIN PAYMENTS MADE TO HOMEOWNERS BY**  
5                               **THE LOUISIANA RECOVERY AUTHORITY AND**  
6                               **THE MISSISSIPPI DEVELOPMENT AUTHORITY.**

7       For purposes of the Internal Revenue Code of 1986,  
8       if a taxpayer—

9               (1) receives any amount during the taxable year  
10       from the Louisiana Recovery Authority or the Mis-



1       Mississippi Development Authority for the repair or re-  
2       construction of such taxpayer's primary residence  
3       due to damage sustained as the result of hurricanes  
4       occurring during 2005, and  
5       (2) in any preceding taxable year claimed a cas-  
6       ualty loss deduction under section 165 of such Code  
7       with respect to such damage,  
8       such amount shall be disregarded in determining the al-  
9       lowable portion of such casualty loss deduction and so  
10      much of such amount as does not exceed such casualty  
11      loss deduction shall be disregarded in determining the tax-  
12      payer's basis in such residence.

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